

# LEGACY

## Medical Cost Proposal / Pricing Exhibit Evaluation Methodology

The evaluation of each Offerors' cost proposal for the State of Alaska (SOA) is as follows:

- Medical, Vision, FSA, DCAP Administration (75 total points)\*
  - Claims Administration Fee (40 points possible with lowest cost receiving 40 points, remaining Offerors will be awarded points based on section 2.15 of the Introduction & Instructions):
    - All Offerors will be evaluated on a total fee PEPM basis for the medical administration on a mature basis
  - FSA, DCAP, COBRA, Direct Bill administration (20 points total – 5 each section with the lowest cost receiving 5 points per service, remaining Offerors will be awarded points based on section 2.15 of the Introduction & Instructions)
    - All Offerors will be evaluated on a total fee basis using current SOA enrollment in the FSA, DCAP and COBRA programs
  - Other value add programs ( 10 points with highest total of credits receiving 10 points, remaining Offerors will be awarded points based on section 2.15 of the Introduction & Instructions)
    - Offerors will be evaluated on the total amount of fee credits offered to SOA for the programs listed
  - Other fees ( 5 points based on visual review of fees, remaining Offerors will be awarded points based on section 2.15 of the Introduction & Instructions)
    - Offerors will be evaluated on the visual review. The offeror that visually appears to be the lowest cost across category's will receive the full 5 points. Other offerors will receive no less than 3 points

\*Note: All fees must be on a PEPM basis. Any services listed as included will be assumed to have a \$0.00 PEPM cost.

- Network (100 total points)
  - Offerors will be provided with a detailed provider file based on the most recent 12 months of SOA claims, which contains the provider name, TIN (tax-id number), address, provider type, procedure code (CPT, DRG, ICD-9), diagnosis code, number of services and billed charges.
  - Offerors will be required to submit a completed discount re-pricing worksheet with the following criteria based on CURRENT CONTRACTED STATUS. Projected contracted amounts will not be accepted:
    - Network Indicator – "Y" indicates that the provider is currently in the Offerors contracted network (only contracted providers will be considered to be network providers)

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reference

- Contracted amount for the provider and procedure code
- SOA's actuary will perform a network analysis based on the submitted data regarding network disruption – based on the submitted contracted status, each Offeror will be rated based on the volume of claims and services that are considered in-network (contracted providers). The non-contracted providers will be considered out-of-network. The Offerors' network will be compared to the Incumbent's network to determine the amount of claims and services that will be disrupted. There are three types of analyzed disruption:
  - Positive disruption – new providers and services that were previously non-contracted and now considered contracted
  - Neutral disruption – providers whose contracted status has not changed
  - Negative disruption – previous contracted network providers that are now considered non-contracted
- Points will be awarded to each Offeror based on the total amount of claims and services that are in the contracted network (highest volume will receive 100 points, remaining offerors will be awarded points based on section 2.17 of the Introduction & Instructions)
  - Volume is defined as the billed charges and services in the contracted network

• Discounts (325 total points)

- Offerors will be provided with a detailed provider file based on the most recent 12 months of SOA claims, which contains the provider name, TIN (tax-id number), address, provider type, procedure code (CPT, DRG, ICD-9), diagnosis code, number of services and billed charges.
- Offerors will be required to submit a completed discount re-pricing worksheet with the following criteria based on CURRENT CONTRACTED STATUS (other requirements will be outlined in the Network Repricing Instructions to ensure all Offerors submit data on the same basis). Projected contracted amounts will not be accepted:
  - Network Indicator – is the provider currently the Offerors contracted network (only contracted providers will be considered to be network providers)
  - Allowed charges (contracted reimbursement) amount for the provider and procedure code
- SOA's actuarial consultant will perform a discount repricing analysis based on the Offeror's submitted allowed charges (contracted reimbursement). The discount will be calculated using the following methodology:
  - Contracted Discount =  $1 - (\text{sum of allowed charges} / \text{sum of the billed charges})$
  - Non-contracted Discount will be set at 0% for all Offerors due to low credibility of non-contracted claims.
- A net effective discount will be calculated using the following formula:
 
$$((\text{Calculated contracted discount}) \times (\% \text{ Offerors contracted billed charges})) + ((0\% \text{ for non-contracted discount}) \times (\% \text{ of Offerors non-contracted billed charges}))$$